

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03
NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05
EB-08 OMB-01 TRSE-00 NEA-10 AF-08 ACDA-07 /097 W
-----111910Z 128577 /44

R 111858Z MAR 77
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 0526
INFO ALL EC CAPITALS 0386
USMISSION NATO
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMEMBASSY ATHENS
AMEMBASSY ANKARA

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 07292

E.O. 11652: GDS
TAGS: PFOR, FR, PO, EEC, CSCE
SUBJECT: SOARES VISIT IN PARIS

REF: BONN 2680

1. SUMMARY: SOARES VISIT TO PARIS MARCH 7 WENT OFF BETTER THAN PORTUGUESE EXPECTED. SOARES GOT FRENCH RECOGNITION OF PORTUGAL'S "EUROPEAN VOCATION" AND WAS IN RETURN UP BEAT ON BILATERAL ECONOMIC MATTERS. FRENCH FOR THEIR PART USED OPPORTUNITY TO ESTABLISH TWO NEW CONCEPTS: FIRST, THAT COMMISSION WILL BE ASKED, IN CONNECTION PORTUGAL'S APPLICATION, TO EXAMINE AND SEEK SOLUTIONS "GLOBALLY" TO ECONOMIC IMPLICATIONS OF ADHESION OF MEDITERRANEAN COUNTRIES AS A GROUP; AND SECONDLY, THAT CONCOMITANT GROWTH OF THE COMMUNITY, ALREADY INCREASINGLY UNMANAGEABLE, REQUIRES A RELATED "RETHINKING" OF ITS INSTITUTIONAL ARRANGEMENTS. WE ASSUME THIS IS, IN PART, NEW FRENCH
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MOVE TOWARD THREE OR FOUR POWER "DIRECTORATE".
END SUMMARY.

2. PORTUGUESE AMBASSADOR (PROTECT THROUGHOUT), QUAI EUROPEAN DIRECTOR ANDREANI, DEPUTY DIRECTOR FOR MEDITERRANEAN AFFAIRS BLOT AND OTHERS HAVE NOW HAD TIME TO OFFER US FILL-IN OF PRIME MINISTER SOARES'

PARIS VISIT.

3. QUAI NOW ADMITS THAT IT HAD VIEWED SOARES' VISIT WITH CONSIDERABLE APPREHENSION. GISCARD PERSONALLY IS NOT KEEN ON PORTUGAL. THIS COMPLICATED TASK OF HAMMERING OUT FRENCH POSITION VIS-A-VIS ECONOMIC MINISTRIES AND MATIGNON--WHO HAVE EYE ON FRENCH FARMERS AND SMALL INDUSTRIES OF FRENCH SOUTHWEST; THE BANKS, WHO, AS PORTUGAL'S LARGEST CREDITORS, KNOW ITS CONTINUING FRAGILITY; AND VARIOUS POLITICAL GROUPS, INCLUDING CERTAIN GAULLISTS. BLOT SAYS QUAI NEVERTHELESS "REALLY WENT TO BAT". PORTUGUESE AMBASSADOR ALSO CONTRIBUTED BY EVIDENTLY PERSUADING GOP TO ADOPT MORE OUTGOING POSTURE TOWARD FRANCE ON MAJOR POTENTIAL ECONOMIC PROJECTS, TO MAKE CLEAR IN PARIS THAT FRENCH ACCEPTANCE OF PORTUGAL'S "EUROPEAN VOCATION" COULD BESIDES WELL-KNOWN PROBLEMS, ALSO BRING TANGIBLE BENEFITS TO FRANCE. AS PART OF THIS EFFORT PORTUGUESE SECSTATE FOR INDUSTRY WAS AT LAST MINUTE ADDED TO DELEGATION. RESULT OF THESE COMPLEMENTING EFFORTS WAS NEWLY-NUANCED FRENCH POSITION WHICH CONTAINS A GOOD DEAL FOR EVERYONE CONCERNED.

4. THE BASIC INGREDIENTS ARE AS FOLLOWS: FOR SOARES THERE WAS THE ESSENTIAL PUBLIC AND PRIVATE CONFIRMATION THAT FRANCE "RECOGNIZES PORTUGAL'S EUROPEAN VOCATION" WHICH HE NEEDS. THIS INCLUDES UNDERSTANDING, WHICH DE GUIRINGAUD ARTICULATED, THAT

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FRANCE WILL EXAMINE THE PROBLEMS POSED BY PORTUGAL'S APPLICATION CAREFULLY BUT WITHOUT ENGAGING IN MISCHIEVOUSLY DILATORY TACTICS. SINCE IT WAS NOT CLEAR, EVEN JUST BEFORE VISIT, THAT FRENCH WOULD BE SO EXPLICIT, THIS MADE SOARES HAPPY.

5. ANDREANI AND OTHERS NEVERTHELESS CONFIRM THAT, IN ONE-AND-ONE-HALF HOUR SUBSTANTIVE TALK WITH SOARES, BARRE WAS ALSO "VERY FORTHRIGHT" ABOUT SUBSTANTIVE DIFFICULTIES WHICH WILL HAVE TO BE FACED.

6. ON ECONOMIC SIDE FRENCH REITERATED THAT PORTUGAL WAS NOT READY TO ABSORB THE FULL IMPACT OF THE COMMUNITY, A CONCERN, INTER ALIA, TO FRENCH BANKS WHO ARE ITS CREDITORS. SECONDLY, THE FACT THAT SEVERAL MEDITERRANEAN COUNTRIES NOW PLAN TO JOIN THE COMMUNITY MORE OR LESS SIMULTANEOUSLY POSES MAJOR NEW PROBLEMS FOR ITS PRESENT MEMBERS. FRENCH SIDE CONCLUDED AND PUBLICLY ANNOUNCED THAT

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IT WILL THEREFORE BE NECESSARY FOR THE COMMISSION
TO STUDY THESE PROBLEMS "GLOBALLY" AND TO FIND SOLUTIONS
BEFORE GOP'S APPLICATION COULD BE FINALLY APPROVED.
SINCE SOARES ENVISAGES PROCESS WILL TAKE TILL 1985,
THIS DID NOT UPSET PORTUGUESE.

7. SECONDLY, FRENCH POINTED OUT THAT, ON INSTITUTIONAL
SIDE, THE CONTINUING ENLARGEMENT OF THE COMMUNITY
WAS MAKING EUROPEAN INSTITUTIONS "AS ENVISAGED IN
TREATY OF ROME" INCREASINGLY UNMANAGEABLE. ADMISSION
OF SEVERAL NEW MEDITERRANEAN MEMBERS IN COMING YEARS
WILL MAKE SITUATION WORSE. FRENCH THEREFORE INTEND
TO PROPOSE COLLECTIVE "RETHINKING" OF THESE ARRANGE-
MENTS IN BRUSSELS. PORTUGUESE AMBASSADOR COMMENTS
THAT THIS MOVE, EVIDENTLY AIMED AT RESTORING MOMENTUM
TO OLD FRENCH IDEA, CLOSE TO GISCARD'S HEART, OF A
THREE OR FOUR POWER EUROPEAN "DIRECTORATE", WAS A
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MATTER FOR THE COMMUNITY TO WORK OUT.

8. TIMETABLE OF PORTUGUESE ADHESION WAS NOT DISCUSSED. IT IS UNDERSTOOD HOWEVER THAT COMMISSION STUDY OF PORTUGUESE APPLICATION WILL, UNDER THESE CIRCUMSTANCES, TAKE SUFFICIENT TIME TO ASSURE THAT GOVERNMENTS WILL NOT BE FACED WITH ISSUE BEFORE FRENCH ELECTIONS IN 1978. THIS IS REASSURING HERE.

9. AS SUGGESTED ABOVE, IMPORTANT INGREDIENT OF THE SUCCESS OF VISIT WAS SOARES' DISCUSSION WITH BARRE OF BILATERAL ECONOMIC PROSPECTS. PORTUGUESE STRATEGY WAS TO HOLD OUT HOPE THAT, WHAT ANDREANI HAD AT ONE POINT CALLED "GERMAN-AMERICAN DOMINATION" OF THE PORTUGUESE ECONOMY, DID NOT EXCLUDE MAJOR BENEFITS FOR FRENCH. THUS SOARES WAS "POSITIVE" ABOUT CONTINUED POSSIBILITY OF A PORTUGUESE DECISION FAVORABLE TO FRENCH ON CHOICE OF TV SYSTEMS, BUT MADE NO FINAL COMMITMENT. GOP SIMILARLY WELCOMED FRENCH INTEREST IN SELLING IT FOUR NUCLEAR PLANTS FOR WHICH FRG ALSO IS SAID TO BE COMPETING (REFTEL). THIRD AND MOST ADVANCED PROJECT DISCUSSED INVOLVES IMPLANTATION OF A CITROEN AND PEUGEOT AUTOMOTIVE PLANT CAPABLE OF SUPPLYING EXTENSIVE THIRD MARKETS. LASTLY THERE WAS A DISCUSSION OF THE PORTUGUESE STEEL INDUSTRY, IN CONTEXT OF PROBLEMS FACED BY STEEL IN FRANCE. ON ALL THESE SCORES PORTUGUESE TRIED TO OVERCOME FRENCH FEELING THAT THEY WERE BY DEFINITION AT DISADVANTAGE VIS-A-VIS FRG, US OR OTHERS. RESULT, PORTUGUESE AMBASSADOR SAYS, HAS BEEN NOTICEABLE MELLOWING, WHICH HAS CONTINUED IN DAYS SINCE SOARES LEFT. WE SHOULD ADD THAT CONSORTIUM LOAN ISSUE WAS TOUCHED ON BY TWO SIDES BUT APPARENTLY WAS NOT DISCUSSED IN DEPTH.

10. FOREIGN MINISTERS ALSO HAD TOUR D'HORIZON OF
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INTERNATIONAL ISSUES, INCLUDING CSCE, THE MIDDLE EAST AND AFRICA. ON CSCE PORTUGUESE AMBASSADOR TELLS US IN STRICT CONFIDENCE THAT THE FRENCH WERE CONCERNED TO PERSUADE THE PORTUGUESE FOREIGN MINISTER TO FOLLOW THEIR LEAD IN SOFT-PEDALLING APPROACH TO BASKET III ISSUES AT BELGRADE REVIEW CONFERENCE "RATHER THAN FOLLOWING US LEAD".

11. IN END, GOOD HUMOR OF ALL CONCERNED WAS DISPLAYED

FOR LE TOUT PARIS AT MAJOR RECEPTION BY SOARES FOR
BARRE, AT WHICH SOVIET AMBASSADOR TCHERVONENKO MADE
CONSIDERABLE EFFORT TO BE SEEN AND PHOTOGRAPHED WITH
SOARES.

12. AS A FINAL NOTE, WE SHOULD ADD THAT IN
BRIEF CONVERSATION WITH EMBOFF, SOARES VOLUNTEERED
HIS "GREAT APPRECIATION" OF THE AMERICAN AMBASSADOR
IN LISBON, IN TERMS WHICH CLEARLY EXCEEDED REQUIRE-
MENTS OF COURTESY.
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